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SECURITY COUNCIL
Fifty-fourth year

Letter dated 2 December 1999 from the Permanent Representative of Saudi Arabia to the United Nations addressed to the Secretary-General

I have the honour to transmit to you herewith the texts of the final communiqué and Riyadh Declaration adopted by the Supreme Council of the Gulf Cooperation Council at its twentieth session, held in Riyadh from 27 to 29 November 1999 (see annexes).

I should be grateful if you would have this letter and its annexes circulated as a document of the General Assembly under agenda items 40, 43, 44, 56, 73, 79, 91, 100, 103, 115 and 160, and of the Security Council.

(Signed) Fawzi A. SHOBOKSHI
Ambassador
Permanent Representative

Annex I

Final communiqué adopted by the Supreme Council of the Gulf Cooperation Council at its twentieth session, held in Riyadh from 27 to 29 November 1999

At the invitation of the Custodian of the Two Holy Mosques, King Fahd Bin Abdul-Aziz Al Saud of Saudi Arabia, the Supreme Council of the Gulf Cooperation Council (GCC) held its twentieth session in Riyadh from 27 to 29 November 1999 under the chairmanship of the Custodian of the Two Holy Mosques, King Fahd Bin Abdul-Aziz Al Saud of Saudi Arabia. The meeting was attended by:

His Highness Sheikh Maktoum Bin Rashid Al Maktoum, Vice-President and Prime Minister of the United Arab Emirates and Ruler of Dubai;

His Highness Sheikh Isa Bin Salman Al Khalifa, Amir of Bahrain;

His Majesty Sultan Qaboos Bin Said, Sultan of Oman;

His Highness Sheikh Hamad Bin Khalifa Al Thani, Amir of Qatar; and

His Highness Sheikh Jaber Al-Ahmad Al-Jaber Al-Sabah, Amir of Kuwait.

His Excellency Sheikh Jamil Ibrahim Al-Hujeilan, GCC Secretary-General, also participated in the meeting.

The Council reviewed the outcome of two decades of joint action in the economic, social, information, military and security fields. It expressed its satisfaction at the progress made and affirmed its genuine desire to enhance the functioning of the GCC in order to keep pace with changes at the regional and international levels and realize the worthy aspirations and objectives for which the GCC had been established. The Council conducted an exhaustive evaluation of new developments with respect to economic, political and security issues at the pan-Arab, regional and international levels, and it affirmed the importance of continuing the endeavour to strengthen the security, stability and development of the GCC States and their peoples.

Progress made in cooperation

Economic matters

The Supreme Council reviewed the progress made in economic cooperation and appraised the steps taken for the establishment of the GCC Customs Union and the stages through which the process of agreeing on a unified customs tariff had passed. It approved the entry into force of the GCC Customs Union with effect from March 2005, on the understanding that member States would, either gradually or as a one-time measure, adjust their current customs duties to the levels of 5.5 per cent for basic commodities and 7.5 per cent for others, in accordance with the tripartite classification of commodities as exempt, basic and others.

It instructed the Committee on Financial and Economic Cooperation to complete all the remaining arrangements for the entry into force of the Customs Union.

As part of the endeavour to merge the economic systems of member States and complete the arrangements necessary to establish the Customs Union, the Council approved the GCC Unified Customs Code and its provisional entry into force on a recommendatory basis for a one year period. It will then be subject to review in the light of comments from member States before entering into force definitively for all the customs administrations of member States at the end of the year 2000.

In order to promote and enhance economic cooperation and trade between member States and attract direct investments, the Council approved the amendment of the definition of "products of national origin", as given in article 3, paragraph 1, of the Unified Economic Agreement, to require for manufactured goods only the percentage of value added and to delete the reference to the percentage of national ownership in the producer enterprise.

Seeking to promote the concept of "economic nationality", the Council decided to approve the modification of the regulations governing ownership by a citizen of a GCC member State of real property located in another GCC State. It instructed the Committee on Financial and Economic Cooperation to consider the question of removing all restrictions on the ownership by a national of a GCC State of real property in other member States for all residential and investment purposes and to submit its recommendations in this regard to the Supreme Council.

The Council commended the decision of His Highness Sheikh Isa Bin Salman Al Khalifa, Amir of Bahrain, to permit nationals of the GCC States, whether natural or legal persons, to own buildings and land in the same manner as Bahraini nationals for purposes of residence, for the pursuit of economic activities, for the establishment of investment projects and for other purposes. The Council praised this welcome step, which will be beneficial and will strengthen bonds and increase cohesion among the citizens of member States.

The Council adopted the GCC Patent Regulations as amended to bring them into line with the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) (annex IC to the Agreement establishing the World Trade Organization).

The Council expressed its satisfaction at the adoption of the articles of incorporation and statute of the Electricity Grid Interlinkage Authority, to be based in Saudi Arabia, and welcomed its launching as a joint-stock company in anticipation of commencing implementation of the first phase of the project.

The Council assessed the economic situation of member States in the context of its commitment to strengthening the productive capacity of the economies of the GCC States so as to increase employment opportunities for citizens. It considered the important developments taking place within the global economic system, the accelerated pace of liberalization in the multilateral trading system and the increasing emergence of regional and international economic blocs. The Council instructed the Committee on Financial and Economic

Cooperation to review the Unified Economic Agreement with a view to enhancing the business environment, expanding the role of the private sector and promoting the common interests of the citizens of member States. It also instructed the Committee to formulate a long-term strategy for relations between the Gulf States and all countries, regional blocs and international organizations and for negotiations with them, so that they might speak with a single voice at the regional and international levels.

The Council considered the global situation in the petroleum market and expressed satisfaction at ongoing developments there. It affirmed its standing commitment to making every effort to ensure stability in world oil markets so as to safeguard the interests of both consumers and producers.

Given that oil is the mainstay of the national economy in the GCC States and the major source of energy in the world as a whole, the Council decided to proceed with the formulation of a unified stance with regard to oil-market conditions that will ensure a balance between supply and demand and will be able to cope with fortuitous events that upset the market and have an adverse impact on the interests of oil producers and consumers alike.

Man and the environment

In order to promote the educational process in member States so as to meet the needs of their development plans, the Supreme Council instructed the GCC ministers of education to take every possible step to encourage curriculum development.

In its concern for a safe environment, the Council gave instructions for the creation of an effective mechanism to coordinate the action of ministries and other relevant agencies at the national level in each member State in taking proper measures to dispose of medical waste and process radioactive waste and also to coordinate the trans-boundary movement of hazardous waste.

In order to encourage the pharmaceutical industries of the GCC States and ensure that each country can benefit from the medical preparations produced by the others, the Council approved regulations for that purpose. It also agreed that each member State should treat the health-related and pharmaceutical documents and certificates issued by other member States in the same manner as its own.

Advisory Board of the Supreme Council

In implementation of its decision at the previous session on the employment of national personnel and on facilitating the movement of such personnel among the GCC States, and with a view to creating jobs for nationals of member States, replacing expatriate personnel in all sectors and achieving coordination among member States in this context, the Supreme Council endorsed the views of the Advisory Board in this regard. The Council also decided to instruct the Advisory Board to evaluate the progress made in economic cooperation among member States and to submit its views on this matter to the Council at its twenty-first session.

Given the desire of member States to implement the GCC's Comprehensive Long-term Development Strategy for 2000 to 2025, adopted by the Council at its nineteenth session, and their concern to keep pace with the rapid economic changes taking place in the global order, the Council decided to instruct its Advisory Board to prepare a briefing dossier containing its proposals for interim objectives and for mechanisms, programmes and measures to promote the effective implementation of the strategy and to report to the Council thereon on a periodic basis.

Military matters

The Supreme Council approved the decisions adopted at the eighteenth meeting of the GCC ministers of defence, held in the United Arab Emirates on 16 and 17 November 1999, concerning military cooperation in connection with the Dir' al-Jazirah force, the proposed security cooperation zone, secure communications, defence policy and the air forces of member States.

The Council expressed its satisfaction at the steps taken and stressed the importance of the sustained implementation of all military cooperation programmes aimed at enhancing the defence capabilities of the GCC States.

Security matters

The Supreme Council approved the decisions adopted at the eighteenth meeting of the GCC ministers of the interior, held at Al-Ayn in the United Arab Emirates in November 1999, on promoting joint action to facilitate the movement of nationals among member States and on the issuance of machine-readable passports.

The Council welcomed the agreements reached by Oman and the United Arab Emirates, by Qatar and the United Arab Emirates and by Bahrain and Kuwait to allow their nationals to move between one country and the other using only their personal identity cards. It considered this an important step in enhancing cooperation among member States, in bringing their peoples closer together and in raising relations to a level where the hopes and aspirations of the peoples of the GCC States were being realized.

The Council affirmed the importance of taking measures to protect the environment, including the marine environment, from pollution.

The Council welcomed the adoption by the Islamic Conference of Foreign Ministers at its twenty-sixth session, held in Ouagadougou from 28 June to 1 July 1999, of the Organization of the Islamic Conference Convention on Combating International Terrorism.

Information

The Supreme Council took note of the outcome of the tenth meeting of GCC ministers of information, held in Al-Ayn in November 1999, and it approved the recommendations submitted with a view to promoting joint information activities. It affirmed the importance of following up the implementation of decisions relating to information and stressed that information agencies must keep pace

with international developments in the information field if the objectives of the GCC States were to be achieved and their aspirations realized.

Diplomatic and consular cooperation

The Supreme Council welcomed the agreements on cooperation in the diplomatic and consular fields signed by Qatar and Oman on 18 May 1998 and by Bahrain and Kuwait on 17 November 1999, which will enable a diplomatic or consular mission of either of the two States concerned to protect the interests of the other State and its nationals in the event it has no resident diplomatic or consular representation of its own in a particular third country. This will help to strengthen cooperation and cement closer links among GCC States.

Political issues

Iraq's compliance with the Security Council resolutions relating to its aggression against Kuwait

The Supreme Council discussed developments in the context of Iraq's compliance with the Security Council resolutions relating to the consequences of its aggression against Kuwait. It noted that, after more than nine years, Iraq was still temporizing on full compliance with resolutions that had the force of international law and on ending the suffering of the people of Iraq that had been caused and perpetuated by the Iraqi regime itself and for which Iraq bore full responsibility. The Council expressed regret that the Iraqi regime was continuing to reject the initiatives taken and proposals made at the pan-Arab and international levels for the creation of an effective mechanism for lifting the international economic embargo being maintained against it and extricating it from a difficult position.

In this context, the Council reaffirmed its call to the Iraqi Government to respond in an expeditious, scrupulous and honest manner to the pan-Arab and international appeals addressed to it for compliance with all the relevant Security Council resolutions and for cooperation with the United Nations and, in particular, those calling for genuine cooperation with the international agencies concerned in the release of Kuwaiti and third-country prisoners and hostages and the return of Kuwaiti property and for an undertaking to refrain from any act of provocation or aggression against Kuwait and neighbouring States, as required by Security Council resolution 949 (1994), in order to promote security and stability in the region.

The Council renewed its demand that Iraq should demonstrate its peaceful intentions towards its neighbours by word and deed and should acknowledge that its invasion of Kuwait had been a violation of the relevant pan-Arab and international covenants, such as the Pact of the League of Arab States, the Joint Defence and Economic Cooperation Treaty between the States of the Arab League and the Charter of the United Nations.

The Council affirmed that it continued to welcome all initiatives to mitigate the suffering of the Iraqi people. It stressed its determination to continue the efforts of the GCC States to end their plight, which had already endured for too long.

The Council urged the Security Council to adopt a resolution establishing a mechanism to regulate the relationship between Iraq and the United Nations, ensure Iraq's compliance with all the Security Council resolutions relating to its aggression against Kuwait and provide for the continued provision of humanitarian supplies to the Iraqi people.

The Council affirmed the need to preserve the unity, independence and territorial integrity of Iraq.

Relations with Iran

The Supreme Council reviewed the work of its Committee of Three entrusted with the task of elaborating a mechanism to initiate direct negotiations between the United Arab Emirates and the Islamic Republic of Iran on the question of the three islands. The Council instructed the Committee to continue the efforts it had begun to create a suitable climate for the elaboration of a mechanism for the conduct of direct negotiations between the two countries.

The Middle East peace process

The Supreme Council considered developments in the Middle East peace process. It welcomed the agreement reached by the Palestinian National Authority and the Israeli Government on 4 September 1999 at the Sharm al-Shaykh resort as a positive step in the right direction if followed by a return to the principles established by the Madrid Peace Conference, by the resumption of negotiations on all tracks for the restoration of legitimate Arab rights in accordance with Security Council resolutions 242 (1967), 338 (1973) and 425 (1978) and the principle of land for peace and by the Palestinian people's attainment of all its legitimate national rights, including the right to establish an independent State on its national soil with Jerusalem as its capital. The Council reaffirmed its unequivocal rejection of any attempt on the part of the Israeli Government to alter the demographic composition of the City of Jerusalem in its belief that to do so would be a violation of international law and all the relevant resolutions.

The Council affirmed that a just and comprehensive peace in the Middle East could only be achieved with the full withdrawal of Israel from all occupied Arab territory, including the occupied Syrian Arab Golan Heights, to the boundary lines of 4 June 1967 and from southern Lebanon and the Western Bekaa, in accordance with Security Council resolutions 425 (1978) and 426 (1978), without restrictions or conditions.

The Council appreciates the pan-Arab and international efforts made to advance the peace process and urges the Israeli Government to implement in an expeditious and honest manner the agreements it has reached and the undertakings it has entered into with the Arab parties. It calls upon the co-sponsors of the peace process and the European Union and its member States to maintain and indeed to intensify their efforts and to endeavour to revive the negotiations on the Syrian and Lebanese tracks so as to return the peace process to its proper course. The Council commended the efforts made by President Clinton of the United States in this connection and the decision of 25 March 1999 by the European Union summit to reaffirm "the Palestinian right to self-determination, including the option of a State" (A/54/76-S/1999/348).

Elimination of weapons of mass destruction

The Supreme Council again called upon the international community to take action to transform the Middle East region, including the Gulf, into a zone free of all weapons of mass destruction, including nuclear weapons. The Council affirmed once more that Israel must accede to the Treaty on the Non-Proliferation of Nuclear Weapons and submit all its nuclear facilities to the International Atomic Energy Agency inspection regime.

The Damascus Declaration

The Supreme Council, in anticipation of the forthcoming meeting of the Damascus Declaration countries, reviewed the progress made by cooperation in that framework and affirmed the importance of its continuation with a view to fulfilling the aspirations of those countries and their peoples.

The situation in Chechnya

The Supreme Council considered ongoing events in the Chechen Republic and the tragic and painful developments there have been, leaving thousands of dead and wounded and displacing large number of persons among the Chechen people. It urged the Russian Federation to resolve the issue by peaceful means and to embark on direct negotiations between the two sides in order to halt the war, stop the bloodshed, restore peace and preserve the lives of innocent civilians, including children, women and older persons. The Council further urged the Russian Federation to facilitate the delivery of humanitarian assistance to the people of the Chechen Republic.

The Supreme Council conveyed its deep appreciation to the Custodian of the Two Holy Mosques, King Fahd Bin Abdul-Aziz Al Saud of Saudi Arabia, and to the Government and people of the Kingdom of Saudi Arabia for their warm and generous hospitality and sincere expressions of fraternal solidarity, and it commended the excellent arrangements that had been made to host the meeting.

The Council acclaimed the outstanding role played by the Custodian of the Two Holy Mosques, King Fahd Bin Abdul-Aziz Al Saud of Saudi Arabia, Chairman-in-Office of the Supreme Council, in the conduct of the meetings, thereby having a major impact on the important results and decisions they produced in the ongoing endeavour to realize the aspirations of the leaders and peoples of the GCC States.

The Council commended the dedicated efforts made by His Highness Sheikh Zayed Bin Sultan Al Nahyan, President of the United Arab Emirates, as Chairman-in-Office of the Supreme Council during its nineteenth session and lauded the wisdom and skill with which he had directed its proceedings.

The Council looks forward to meeting at its twenty-first session, scheduled to be held in Bahrain in November 2000 at the kind invitation of His Highness Sheikh Hamad Bin Isa Bin Salman Al Khalifa, Amir of Bahrain.

Annex II

The Riyadh Declaration, adopted by the Supreme Council of the Gulf Cooperation Council at its twentieth session, held in Riyadh from 27 to 29 November 1999

The Supreme Council of the Gulf Cooperation Council held its twentieth session in Riyadh from 27 to 29 November 1999. Guided by the Islamic religion and Islamic law, prompted by the purposes and principles of the Statute of the Gulf Cooperation Council, and sensing the importance of the present historic juncture, the Council conducted an analytical review of ongoing developments and world events. It is aware that history is not made by those who look on from afar and that events are not shaped by the timorous and withdrawn, and it takes account of the importance of the role and the responsibility of its member States as part of the Arab and Islamic communities that are also part and parcel of the larger world. They must thus be capable of keeping pace with rapid changes and must be responsive to new demands while losing nothing of their special character as derived from Islamic authenticity and Arab ethnicity.

The Council reviewed the economic developments under way in the international arena and reached two basic conclusions: that globalization is inexorably making its presence felt in the world and leaving its stamp on this historical era; and that this fact makes it imperative to establish strong economic entities that are able to cope with it and the developments it brings with it without falling prey to economic convulsions that are prejudicial to the prosperity of citizens. Proceeding from this basis, the Council noted that to cope adequately with such gigantic forces its member States must not remain mere onlookers in the developments taking place in the global economic arena, content with reactive policies, but must seize the initiative of participating in a proactive manner and playing a role in forming and directing the process through a unified Gulf economic entity alongside and complemented by an interlinked Arab economic entity, so as to safeguard the national interests of the GCC States. The Council noted the need to formulate a long-term strategy oriented towards promoting support for Arab economic integration in order to govern relations between GCC member States and regional blocs and international organizations.

With the convening of the present session of its Supreme Council, the Gulf Cooperation Council finds itself strengthened and equipped with two decades of experience. It is now incumbent upon it to pause and review the record of what has been achieved and the prospect of what remains to be done and to assess in an objective and scrupulous manner the progress made in economic cooperation among its members so that it may proceed onwards with a new determination, an emboldened spirit and a comprehensive vision that can give impetus to the market economy, strengthen the structures of production and expand the role of the private sector in the development process in such a way as to enable the economies of its member States to cope with global changes and achieve for their peoples the prosperity and affluence to which they aspire and which they deserve.

Aware of the importance of overall development in the advancement of peoples and individuals, the Council has accorded this vital matter its full

attention, affirming that the human being must continue to be the focus, goal and substance of development. In this context, the Council reviewed the comprehensive development strategy it had adopted at its nineteenth session, held in Abu Dhabi. It instructed its Advisory Board to prepare a briefing dossier to promote the effective implementation of the strategy for the benefit of Gulf inhabitants by providing sources of new ideas and proposals for setting mechanisms in motion and freeing potential.

Conscious that oil is the mainstay of the national economy in the GCC States and the major source of energy in the world as a whole, the Council decided to proceed with the formulation of a unified stance with regard to oil-market conditions that will ensure a balance between supply and demand and will be able to cope with unanticipated events that upset the market and have an adverse impact on the interests of producers and consumers alike.

The Council considered the current global situation of the oil market and expressed satisfaction at ongoing developments there. It affirmed its standing commitment to making every effort to ensure stability in world oil markets so as to safeguard the interests of both consumers and producers.

As it races time to build an entity that will satisfy the aspirations of its people, the Council affirms that it has been the true nature of the GCC to be an embodiment of Arab fraternity and Islamic solidarity, never to withdraw from its larger Arab environment, never to isolate itself from its Islamic community and never to strive for unity other than as an expression of its faith that when the Arabian Gulf is strong the Arabs are strong and that when it is proud it is with the pride of Muslims. The Council reaffirms its resolve and determination to face the challenges and to overcome them with a deep sense of faith in God and an unshakeable confidence in the capability and potential of its people and of their union to achieve their hopes and aspirations for a resplendent future of comprehensive, sustainable development safeguarded by social justice and abounding in prosperity and growth.

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Fifty-fourth session
Agenda item 118
Review of the efficiency of the administrative and financial functioning of the United Nations

Procurement reform: definition of exigency needs

Report of the Secretary-General

I. Introduction

1. The present report is submitted pursuant to paragraph 18 of General Assembly resolution 54/11 of 29 October 1999, in which the Assembly stated that the definition of exigency as outlined in the report of the Secretary-General (A/C.5/52/46, para. 5) appeared too broad to be of any real value in exercising the required control over the use of exigency. The Assembly urged the Secretary-General to submit a sharper and clearer definition of exigency needs to it at its fifty-fourth session through the Advisory Committee on Administrative and Budgetary Questions.

II. Sharper and clearer definition of exigency

2. A sharper and clearer definition of exigency has been formulated, taking into consideration three factors: (a) exigency is unavoidable in view of the types of activities undertaken by the Organization, in particular with regard to peacekeeping operations; (b) exigency is essentially a management and not a procurement issue; and (c) the responsibility for managing exigency lies with the head of the substantive department. Accordingly, the head of the substantive department must certify that exigency is genuine and unavoidable.

3. In view of the difficulty of identifying all exigent circumstances that would justify an *ex post facto* approval in the procurement process, the Secretariat feels that it is equally important to define the circumstances in which exigency is not warranted.

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III. Conclusion

4. The revised definition of exigency annexed to the present report incorporates all of the above considerations, and the Procurement Manual has been revised to that effect.

Annex

Revised definition of exigency

9.01.02* Exigency

Definition

Exigency shall be defined as "an urgent and compelling need, not resulting from poor planning or from concerns over the availability of funds, that will lead to serious damage, loss or injury to property or persons or to considerable additional expenditure if not addressed immediately".

Application

Waiver from the use of formal invitations to bid or requests for proposal in favour of informal competition or direct negotiation on grounds of exigency shall be permitted for the following situations:

1. When the nature of the circumstance is such that it does not suitably lend itself to the time required for competitive bidding to take place, such as the need to react to sudden onset of a situation;

2. When the Organization would otherwise face serious damage, loss or injury to property or persons or incur considerable additional expenditure.

The head of the department making a requisition for purchase on grounds of exigency must certify that the circumstances meet the above definition.

The above notwithstanding, the Procurement Division should make all attempts to conduct a market survey, to the extent possible, to ensure that the cost of the product or service purchased under such circumstances is reasonable.

Exclusion

Exigency is not an accepted rationale:

1. In situations resulting from any act of delay or omission on the part of the requisitioning office;

2. Where, in the opinion of Chief of the Procurement Division, the additional cost to the Organization arising from a waiver of competitive bidding is likely to disproportionately exceed the implications resulting from competitive bidding. In such a situation, the requisitioning office may appeal to the Assistant Secretary-General for Central Support Services for a final decision.

* Revised 8 September 1999.

Contracts committee review

Because of the extreme conditions attendant upon exigency cases, review by the Local Committee on Contracts and the Headquarters Committee on Contracts is generally conducted on an *ex post facto* basis.